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March 1, 2004

BY HAND AND ELECTRONIC MAIL

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02110

Re: Investigation by DTE regarding assignment of interstate pipeline capacity – DTE 04-01

Dear Secretary Cottrell:

Blackstone Gas Company ("BGC") submits this letter in response to the request by the Department of Telecommunications and Energy ("Department") for comments "on whether the market is sufficiently competitive to modify the existing mandatory method for upstream capacity assignment." Order DTE 04-01 at 3-4.

BGC does not require mandatory assignment of upstream capacity to customers seeking to transport gas. BGC's upstream capacity is under the Tennessee Gas Pipeline Tariff FT-GS. The availability clause of this rate requires the Shipper to be "a pipeline, local distribution company or municipality." Tennessee Gas Pipeline FERC Gas Tariff, Second Revised Sheet No. 164. In addition, the Shipper must have been a sales customer of Transporter on July 1, 1993. Therefore, BGC cannot assign any rights without possibly violating the terms of service under the Tariff, which could compromise service to its core customers.

The Department requested data to the five issues from the LDCs.

- (1) the number of transportation customers: none
- (2) the number of marketers: none
- (3) the percentage of the market that has converted to transportation service (both in volume and number of customers: zero

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BGC will leave to the other LDCs responses to questions 4 and 5 regarding developments at FERC and mechanisms to include other market participants in the LDC planning process.

BGC had one customer that inquired about transportation service. The customer elected to remain on sales service after review of the applicable cost of gas adjustment charge. Because of the small size of its customers, BGC does not anticipate any transportation customers in the near future.

If you have any questions, please contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Andrew J. Newman".

Andrew J. Newman

AJN/lms

cc: Caroline M. Bulger, Hearing Officer (1 copy)  
Andreas Thanos, Assistant Director, Gas Division (4 copies)  
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